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Patricia Lewis #14
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Appellants: Thomas J. Sullivan et al.
Appl. No.: 09/385,489
Filed: August 30, 1999
Title: SYSTEM AND METHOD FOR ADMINISTERING PROMOTIONS
Art Unit: 2162
Examiner: D. LASTRA
Docket No.: 110754-629

Commissioner for Patents
Washington, DC 20231

APPELLANTS' APPEAL BRIEF

Sir:

Appellants submit this Appeal Brief in support of the Notice of Appeal filed on October 16, 2002. This Appeal is taken from the Final Rejection dated August 13, 2002.

I. REAL PARTY IN INTEREST

The real party in interest is NCH Marketing Services, Inc., by way of Assignment dated August 30, 1999 and recorded on August 30, 1999, and a change of name dated December 21, 2002 and recorded on February 11, 2002.

II. RELATED APPEALS AND INTERFERENCES

Appellants know of no related appeals or interferences that will directly affect or be directly affected by or have a bearing on this Board's decision in the pending appeal.

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III. STATUS OF CLAIMS

Claims 1 to 94 are pending in the application. Attached hereto in the Appendix is a copy of Claims 1 to 94 that are on appeal. Claims 1 to 17, 19 to 62, 64 to 82, and 84 to 94 stand rejected under 35 U.S.C. §102(a) as being unpatentable over U.S. Patent, Serial No. 5,832,458 ("*Jones*"). Claims 18, 63 and 83 stand rejected under 35 U.S.C. §103(a) as being unpatentable over *Jones*. Also included in the Appendix is a copy of *Jones*.

IV. STATUS OF AMENDMENTS

No amendments were filed after the final rejection.

V. SUMMARY OF INVENTION

The present invention involves a system and method for administering trade promotions, and in particular a system and method which captures the terms of, records, tracks, reports on, monitors, verifies and settles trade promotions for retailers and manufacturers. (Specification, page 1, lines 3-6).

A. Background of the Art

Product manufacturers and retailers employ a variety of promotions to sell products. One type of product promotion is known in the industry as a "consumer promotion" or a "direct promotion." In consumer promotions, a manufacturer sets the terms of the promotion and facilitates the printing of the coupons and the distribution of the coupon directly to the consumers. A consumer uses or presents the coupon at the time of the purchase to a retailer to receive a discount on the price of the product promoted by the coupon and purchased by the consumer at the retailer's store. To obtain reimbursement, the retailer must send the coupons to the manufacturer for further processing and reimbursement. The retailer usually does not have much input into the nature, terms or conduct of such promotions. The retailer essentially acts as a conduit between the manufacturer and the consumer for handling, honoring or

processing the manufacturer's discount to the consumer. For the most part, such promotions are planned for and delivered to the consumer without the input of the retailers (i.e., the manufacturers establish the promotion region, the terms of the promotion, the products to be promoted, the time period for the promotion and various other promotion terms). (Specification, page 1, lines 10-23, page 2, lines 1-13).

Another type of product promotion is known in the industry as a "trade promotion" or an "indirect promotion." Trade promotions involve promotion funds the manufacturer pays to the retailer and do not involve coupons. The retailer may or may not pass along these funds to the consumer. Manufacturers and retailers frequently negotiate or collaborate on the nature and terms of specific trade promotions. Such trade promotions, in contrast to consumer promotions, create flexible promotions which are more tailored to the retailer's marketing and local needs. (Specification, page 1, lines 14-17, page 3, lines 8-16).

In a first form of trade promotion, under the agreed upon terms of the trade promotion, the retailer provides a discount on the promoted product to the consumer in the form of a reduced product price for the promoted product. The consumer receives the discount by simply purchasing the product (or in certain instances by presenting a frequent shopper card or other identification when purchasing the promoted product). In a second form of the trade promotion, the retailer promotes the product (such as by placing the product at the end of an aisle in the retailer's store) and receives a fee from the manufacturer for each promoted product sold by the retailer. In this form, the retailer may or may not charge the consumer full price for the product. In these first two forms, the manufacturer pays the retailer based on the number of promoted products sold by the retailer during the period of the trade promotion based on the agreed upon terms of the trade promotion (rather than on the number of coupons accepted or submitted by the retailer as in consumer promotions). In a third form, the manufacturer pays the retailer a flat fee for conducting the trade promotion. The number of promoted products sold by the retailer during the period of the trade promotion is provided to the manufacturer as evidence that the retailer conducted the trade promotion. In a fourth form, the manufacturer pays the retailer a combination of a fixed fee and a fee based on the number of promoted products sold during the trade

promotion. In these product promotions, the retailer does not have to accept, verify or process coupons, the manufacturer does not have to facilitate the printing, distribution or processing of coupons and the consumer does not have to obtain, carry, present or otherwise handle or use coupons. (Specification, page 2, lines 14-23, page 13, lines 15-24, page 14, lines 1-14).

In certain trade promotions, the retailer is involved in customizing or creating the trade promotion. This is due, among other things, to: (1) the frequent shopper, advertising, display and scan-down programs where retailers tailor their promotions to distinguish themselves from other retailers; (2) the substantial emphasis on performance or the results of the promotion; (3) the changing marketing relations with consumers; and (4) the increases in the retailers' size and purchasing power over the past several years. These types of trade promotions, in contrast to the other types of trade promotions and the consumer promotions described above, create flexible promotions which are more tailored to the retailer's marketing and local needs. (Specification, page 3, lines 1-16).

To implement a trade promotion, a manufacturer usually contacts a retailer approximately two to three weeks prior to the start of the proposed trade promotion and provides the retailer proposed contact terms for the trade promotion on a deal sheet. The manufacturer usually sends or provides the deal sheet manually or electronically (such as by e-mail or facsimile) to the retailer. The retailer's representative evaluates the proposed terms of the trade promotion on the deal sheet and accepts the trade promotion as is, negotiates different terms for the trade promotion or rejects the terms of the trade promotion outright. The negotiation, if any, is usually conducted by a manufacturer representative and a retailer representative in person or over the telephone. During the negotiation, usually the retailer's representative writes notes on the deal sheet regarding the changes to the proposed terms of the trade promotion (such as the price of the product) discussed and changed during the negotiation. If the manufacturer representative and the retailer representative reach an agreement on the trade promotion, each representative usually maintains their own copy of the deal sheet (which includes their own individual notes on the agreed upon terms including the changed terms). In some instances, the manufacturer's representation simply relies on

his or her memory for the changed terms. At that point, the retailer and the manufacturer each have what they believe are the agreed upon contact terms entered into their own manual or automated systems for tracking such trade promotions. The manufacturer and retailer tracking methods operate completely independently of one another, and there is no unified or integrated communication or verification of the agreed upon contact terms of the trade promotion between these two separate tracking methods. The manufacturer and the retailer thus have no reliable independent method of verifying that the other party correctly understands and will employ the agreed upon contact terms of the trade promotion. (Specification, page 3, lines 1 to 16, page 5, lines 20-23, page 6, lines 1-9).

In some instances, prior to the start of the trade promotion, the retailer may desire to change one or more terms of the trade promotion such as the start date of the trade promotion for weather reasons. In such instances, the retailer often does not contact the manufacturer to re-negotiate the terms of the trade promotion such as the start date or notify the manufacturer of the retailer's change. The separate manufacturer and retailer tracking systems do not enable the retailer and the manufacturer to check or verify any such types of changes made to the terms of the trade promotion by the other party. This is a significant problem in the industry because the manufacturer and the retailer often have different terms recorded for the trade promotion and thus lack unity in understanding the relevant or agreed upon terms of the trade promotion. If the manufacturer and the retailer have different terms for the trade promotion, the processing of the promoted product POS data will be different and result in different payment amounts. Such discrepancies are difficult to resolve and often remain unresolved. (Specification, page 6, lines 10-23, page 7, lines 1-4).

To obtain payment for conducting the trade promotion the retailer uses a manual or an automated system to determine the amount of money the manufacturer owes the retailer under the terms of the trade promotion the retailer has stored in its manual or automated system. Such systems are not accessible by the manufacturer and do not enable the manufacturer to determine if the retailer is using the negotiated or agreed upon terms of the trade promotion (or the terms the manufacturer understands to be the agreed upon terms) to determine the amount of money the manufacturer owes the

retailer for the trade promotion. The retailer's accounting department then either: (1) generates an invoice for the calculated amount and sends it to the manufacturer for payment; or (2) deducts the calculated amount from any amounts the retailer owes the manufacturer. In many instances, the retailer makes the deduction without notifying the manufacturer. In some, but not many instances, the retailer produces some type of reduced payment, charge back, or deduction notice or notation for the manufacturer. The retailer forwards the retailer's invoice or the reduced payment notice (and the reduced payment) to the manufacturer. Upon receipt, the manufacturer's financial personnel process the retailer's invoice or reduced payment notice (and reduced payment). Usually, the manufacturer's financial personnel merely accept the invoice or reduced payment notice (and reduced payment). The manufacturer does not have the ability to readily or independently verify the retailer's calculated amount, the number of promoted products sold by the retailer during the trade promotion period, the amount of the discount given to the consumers for the promoted products during the trade promotion or that the trade promotion was conducted according to the other agreed upon terms of the trade promotion such as during the agreed upon period. (Specification, page 8, lines 13-23, page 9, lines 1-9).

In the known procedures and systems for administering trade promotions, the retailer must spend a significant number of man-hours processing the POS movement data and in preparing an invoice for the manufacturer, handling a deduction, or creating a reduced payment notification for the manufacturer. The retailer may potentially fail to track a trade promotion altogether and the retailer may fail to track all of the products involved in all of the trade promotions. The manufacturer has no effective method of independently verifying the retailer's invoice or the accuracy of the reduced payment notice in a timely manner. Under the known manual systems, the manufacturer has no effective method of verifying that the trade promotion was executed by the retailer in accordance with the agreed upon terms of the trade promotion. Specifically, the manufacturer has no effective method of verifying the number of promoted products sold according to the agreed terms including the agreed upon time frame and for the agreed upon promotion price or discount. The manufacturer and the retailer also have no way of monitoring results of the trade promotion during or as the trade promotion

occurs. The known systems therefore provide little reliability for the administration of trade promotions handled by the manufacturer and retailer. Moreover, as with any manual system, there is a significant potential for error due to the manual transcription or miscalculation of information for both the retailers and the manufacturers. (Specification, page 8, lines 13- 23, page 9, lines 1-23, page 10, lines 1-14).

B. The Independent System of the Present Invention

The present invention is directed toward an independent system for administering the trade promotion or a method for an independent system operator to administer the trade promotion. The independent system or the independent system operator captures, stores and enables any change of the contact terms of the trade promotion. The independent system or the independent system operator provides access to and thus independent verification of the captured contact terms of the trade promotion. The independent system or the independent system operator provides processing of promoted product point-of-sale ("POS") data for the trade promotion in accordance with the stored verifiable terms of the trade promotion. The independent system or the independent system operator provides payment to the retailer for the trade promotion based on the stored agreed upon terms of the trade promotion and the promoted product POS data obtained by the independent system. The independent system or the independent system operator thus provide a way to verify that each party correctly understands the terms of the trade promotion, to verify any changes made to the terms of the trade promotion by the manufacturer or the retailer, to verify that the amount of payment for the trade promotion is correct, to verify the number of promoted products sold by the retailer during the trade promotion period, to verify that the trade promotion was conducted according to the agreed upon terms of the trade promotion, and to monitor the results of the trade promotion during the trade promotion. (Specification, page 11, lines 3-23, page 12, lines 1-9).

In one embodiment of the present invention, a representative of the independent system operator manually enters terms of the promotion into the independent system. Alternately, this may be done in an automated manner by receiving an electronic download of promotion terms from the retailer's system or the manufacturer's system, or

both. The independent system enables both the retailer and the manufacturer to access the independent system to determine the status and results (to a certain date) of the trade promotion monitored by the independent system. In one embodiment, during the promotion, the retailer's systems periodically communicate filtered promoted product POS data to the independent system. The independent system verifies that the promoted product POS data is acceptable for processing by the independent system and that the number of sales of the promoted product fall within acceptable tolerances. If the promoted product POS data is acceptable and within tolerances, the independent system processes the promoted product POS data in accordance with the terms of the trade promotion and creates a database settlement table. The settlement table preferably includes all of the promotions monitored by the independent system and entered into between a plurality of retailers and a manufacturer for a specific period of time. The independent system uses the settlement table to calculate or determine the payment information including the amount of money the manufacturer owes each retailer. The independent system then facilitates, preferably through electronic funds transfer or retailer deductions, the proper payment for the promotion from the manufacturer to each retailer, or alternatively, documents the payment amount on which the retailer bases a charge back or deduction. (Specification, page 12, lines 10-23 and page 13, lines 1-14).

The system of the present invention may be used to: (a) administer any scan-based trade promotion involving a retailer and a manufacturer which may be verified using promoted product POS data; (b) administer any trade promotion which may be based upon the verification of some other form of merchandising, compliance (e.g., display or advertising); and (c) administer a consignment type agreement called "scan-based trading," wherein the system records, tracks, reports, monitors, verifies and settles retailer payments to the manufacturers for products actually (as verified by POS data) sold by the retailer rather than for charging the retailer for a manufacturer's products received in the retailer's warehouse or received in the retailer's stores. (Specification, page 13, lines 15-23 and page 14, lines 1-14).

The present invention provides numerous other advantages including: (a) recording discounts for promoted products; (b) recording when the POS system fails to

make the appropriate discounts for promoted products; (c) administering promotions which are not directly scan-based such as newspaper advertising promotions or preferential display promotions; (d) administering promotions having variable discounts such as for different categories of customers; and (e) providing rapid financial settlement by making payments for promotions using the best available electronic funds transfer systems. (Specification, page 14, lines 15-22 and page 15, lines 1-2).

VI. ISSUES

1. Are the method and system as described in independent Claims 1 and 23 anticipated by *Jones* under 35 U.S.C. § 102(a)?

2. Is the method as described in independent Claim 30 anticipated by *Jones* under 35 U.S.C. § 102(a)?

3. Is the method as described in independent Claim 33 anticipated by *Jones* under 35 U.S.C. § 102(a)?

4. Is the system as described in independent Claim 37 anticipated by *Jones* under 35 U.S.C. § 102(a)?

5. Are the methods as described in independent Claims 47, 88 and 89 anticipated by *Jones* under 35 U.S.C. § 102(a)?

6. Is the system as described in independent Claim 68 anticipated by *Jones* under 35 U.S.C. § 102(a)?

7. Is the method as described in independent Claim 74 anticipated by *Jones* under 35 U.S.C. § 102(a)?

8. Is the method as described in independent Claim 77 anticipated by *Jones* under 35 U.S.C. § 102(a)?

9. Is the method as described in independent Claim 84 anticipated by *Jones* under 35 U.S.C. § 102(a)?

10. Is the method as described in independent Claim 90 anticipated by *Jones* under 35 U.S.C. § 102(a)?

VII. GROUPING OF CLAIMS

Appellants argue for the separate patentability of each of the independent claims separate and apart from each other set forth in detail below unless otherwise specified herein. In the argument presented below, each of the pending independent claims embodies a unique combination of patentable features except as specified herein. Therefore, except as specified herein, each independent claim and its respective dependent claims is separately patentable.

VIII. ARGUMENT

A. Independent Claims 1 and 23

Independent Claims 1 and 23 are respectively directed to method and a system for an independent system operator to administer a trade promotion for a product involving a manufacturer and a retailer having at least one store with an in-store POS system. The method and system generally include steps or means for:

- capturing terms of the trade promotion at least including promoted product identification and payment term information for the trade promotion;
- storing the captured terms of the trade promotion in an independent system operator database;
- collecting from the retailer product POS data from at least one in-store POS system of the retailer;
- filtering the product POS data using the promoted product identification stored in the independent system operator database to obtain promoted product POS data;
- processing the promoted product POS data in accordance with the stored payment term information of the trade promotion in the independent system operator database to determine an amount of money the manufacturer owes to the retailer for the trade promotion; and
- facilitating the manufacturer's payment of the amount of money owed to the retailer for the trade promotion.

1. *Jones does not disclose, teach or suggest the invention of Claims 1 and 23.*

The Examiner rejected Claims 1 and 23 under 35 U.S.C. 102(a) as being anticipated by *Jones*.

Jones is directed to a system for electronically auditing sales transactions involving coupons redeemed through retailer point of sale systems which are explained as consumer promotions. The *Jones* system includes an in-store system for collecting, processing and storing retail sales transaction data including coupon data at each retailer store. The *Jones* system directly captures specified information (regarding each in-store transaction including any transaction involving a coupon) by monitoring communications between the individual scanners or cash registers in a store and the in-store processor. The information captured by the *Jones* system for consumer promotions includes the coupon, the amount of credit, the time of the transaction and the manufacturer of the promoted product. (*Jones,* column 9, lines 32-35). The *Jones* system periodically transmits the retail sales transaction data including coupon data it collects to an audit system central processor. The *Jones* system central processor includes one or more central computers for collecting retail sales transaction data including coupon data from each in-store electronic audit system.

The *Jones* system prepares and provides daily reports to manufacturers and retailers regarding coupon activity. *Jones* states that:

> A couple of examples of the many types of reports 70 available include providing daily cashier shift report on coupon activity to store 10 manager, and providing a daily audit (by manufacturer) of coupons redeemed to store headquarters and manufacturers' agents to support the settlement process. Other examples of some of the reports 70 available from the present invention include, and not by way of limitation:
>
> Summary of coupons redeemed (dollars total and number) by day, store and manufacturer. If desired, this summary may be compared to a 52 week history file, with statistically high exceptions flagged.
>
> Summary of manual overrides by store, day, and manufacturer. If desired, this summary may be

> compared to 52 week history, similar stores in account or a particular market, with statistical exceptions flagged.
>
> Periodical (preferably weekly) summary by store, account and manufacturer of the dollar and total dollar level of valid coupon activity for settlement purposes.
>
> Comparison of flagged stores with cashier habits, extremely high coupon activity, extremely fast total transaction times (sometimes indicative of fraudulent misredemptions), non-normal variations in UPC distributions, and high frequency of manual overrides.

(*Jones*, column 10, lines 33-57)(*emphasis added*). Accordingly, as indicated by the underlined passage, *Jones* expressly provides that reports of coupons redeemed are provided by the *Jones* system to the retailer and manufacturers' agents to support the settlement process, not to effectuate the settlement process. *Jones* further provides that:

> Audit system central processor 60 also prints, as required or deemed appropriate, a potential discrepancy report 70 for both headquarters and manufacturers' agents including, but not limited to:
>
> unusual coupon activity (by manufacturer, by brand or by item) by store, cashier, time of day, or day of week
>
> unusual number of manual overrides by manufacturer, by brand or by item for each store and cashier
>
> specific invalid coupon rejections for particular brand, item or expired code
>
> closest purchased item to coupon that was rejected (e.g., brand size variations)
>
> unusual coupon activity as a percentage of total items purchased or percentage of manufacturer purchases by account, store and cashier for a specified period.

(*Jones*, column 10, lines 64-67, column 11, lines 1-11). The focus of *Jones* is coupon data and verification of proper coupon redemption (i.e., an auditing system for consumer promotions, not an independent settlement system). Since *Jones* primarily relates to coupons and consumer promotions, *Jones* does not expressly or implicitly

state or inherently provide that the *Jones* system determines the amount of money owed by the manufacturer to the retailer in accordance with contract terms of a trade promotion between a manufacturer and a retailer where such terms are captured and stored in an independent operator system database as in the present invention.

In columns 11 and 12, *Jones* alternatively discusses a potential use of the *Jones* coupon system could be for trade promotions. However, *Jones* does not provide details on how this would actually be accomplished or the functionality of the present invention. First, *Jones* describes trade promotions as follows:

> Another use for the present invention lies in the area of temporary price reductions between manufacturers and retailers. Commonly referred to as "trade promotions", this class of promotions involves a manufacturer offering a significant temporary price reduction to the retailer in return for improved merchandising support by the retailers in the form of extra advertisement, in-store display or price reductions. Such deals typically take the form of a contract between the parties specifying what form of price reduction or free goods will be offered in return for what performance or action that the retailer expects to take. The timing and terms of mutual performance create frequent disputes between the parties with regard to the financial settlement. These disputes are commonly referred to as "deductions" and frequently lead to unilateral decisions by one or the other to withhold partial payment or demand extra funds. Deductions underlie a significant degree of cost and effort expended to resolve the settlement to both parties' satisfaction.
>
> Manufacturer selects items for price reduction support by class of trade and coordinates a calendar of events which can be supported by available manufacturing capacity. Manufacturer also negotiates a contract with the retailer for reduced prices or a rebate given specified retailer performance. The retailer plans promotion events to achieve the required performance. He also communicates information on promotion activities throughout necessary internal functions. He purchases desired merchandise quantities based upon agreed-to price reduction. He summarizes necessary information on promotional support activities and invoices manufacturer or deducts the price discount from checks paid by retailer.

> The manufacturer reviews retailer purchase history and retailer contractual performance measures and prepares check to retailer in accordance with internal/retailer supplied information. Manufacturer engages retailer finance/accounting personnel in resolving deductions as required. Retailer receives payment from manufacturer and has finance/accounting personnel resolve deductions as required.

(*Jones*, column 11, lines 21-60)(*emphasis added*). While *Jones* mentions the contract between the manufacturer and retailer for a trade promotion, *Jones* does not expressly or implicitly mention capturing and/or storing the terms of the contract of the trade promotion agreed upon between the manufacturer and the retailer. *Jones* also does not expressly or implicitly mention the *Jones* system using such stored terms of the contract between the manufacturer and retailer (which will usually be different for different trade promotions) to calculate the amount of money the manufacturer owes to the retailer for the trade promotion. To the contrary, *Jones* specifically states that the manufacturer has to engage the retailer personnel to resolve deductions, and that the retailer receives payment after the deductions are resolved.

Second, *Jones* only states that the *Jones* system can be applied to trade promotions in the following manner:

> The electronic audit of the trade promotion process, according to the present invention, utilizes the passive collection of actual POST data by item and by transaction to establish a database of performance. By tying the contract to performance, the electronic audit simplifies settlement and provides a clear record to both parties regarding the results of the event.
>
> As before, the manufacturer selects items for price reduction support by class of trade and coordinates a calendar of events which can be supported by available manufacturing capacity. Manufacturers contract to reimburse retailers relative to the sales performance of the selected items (e.g., incremental sales volume relative to a benchmark such as unsupported normal volume or established trend line of sales volume for that retailer/retail chain). The retailer plans promotional events to achieve the desired performance and purchases the desired merchandise quantities based upon the agreed-to price reduction.

> The system and method of the present invention electronically audits and tracks the results of the retailer's efforts while monitoring and recording all POS transactions as described earlier. Each transaction record is preferably retained in a history file for a predetermined period of time, perhaps 52 weeks to empirically determine what is the established (normal) sales volume for a particular product for a specified retailer, and independently documents any incremental sales volume increases to support the trade promotion settlement process. Predetermined and customized reports of these incremental sales volume increases, definitively documenting promotional performance on behalf of the retailer, is preferably sent to both the retailer and the manufacturer after each event to support the settlement process. As before, the retailer summarizes the necessary information on promotional support activities, including the report documentation if desired, invoices the manufacturer, and deducts the price discount from checks paid by the retailer to the manufacturer.
>
> Thus, by crafting the promotional contract around performance goals evidenced by incremental sales volume increases and having recourse to a valid third party audit of the performance achieved, both retailer and manufacturer have a clear and current factual record to use in resolving payment disputes. An audit according to the present invention materially reduces the current cost for both retailers and manufacturers to track, collate, and transmit data on performance. As a result, more prompt and accurate settlements between the parties materially reduce the cost of resolving the disputes fostered by the current process.

(*Jones*, column 11, lines 21-67, column 12, lines 1-40)(*emphasis added*). *Jones* does not provide any further disclosure of how the *Jones* system would work with respect to trade promotions. Again, as indicated by the underlined passages, after receiving the promotional performance report, the retailer still has to summarize the activities, invoice the manufacturer, and deduct the price amount. The present invention resolves this problem so that the parties do not have to engage in the settlement process because the present invention independently determines the amount the manufacturer owes the retailer based upon the promoted product POS data and the captured terms of the contract between the manufacturer and retailer so that there is no dispute between the

parties. *Jones* does not disclose, teach or suggest that the contract terms of the trade promotion are captured and/or stored in the independent operator system to facilitate this settlement, nor does *Jones* teach or suggest that the stored contract terms are used to determine the payment amount the manufacturer owes the retailer. Accordingly, for at least these reasons, the rejection of Claims 1 and 23 should be reversed.

2. *The Examiner did not properly establish a prima facie case of anticipation under 35 U.S.C. § 102(a) because the Examiner provides no support for his inherency rejection.*

A patent is invalid for anticipation when the same device or method, having all of the elements contained in the claim limitations, is described in a single prior art reference. *Crown Operations Int'l. Ltd. v. Solutia, Inc.*, 289 F.3d 1367, 1375, 62 USPQ2d 1917, 1921 (Fed. Cir. 2002). An anticipating reference must describe the patented subject matter with sufficient clarity and detail to establish that the subject matter existed in the prior art and that such existence would be recognized by persons of ordinary skill in the field of the invention. *Id.*

The law is well-settled that it is not sufficient for an examiner to merely allege, without support, the existence of inherency. The Examiner must provide an exact citation which explains the basis of the inherency rejection. *See In re Yates*, 663 F.2d 1054, 1057, 211 USPQ 1149, 1151 (CCPA 1981) (when the PTO asserts that there is an explicit or implicit teaching or suggestion in the prior art, it must indicate where such a teaching or suggestion appears in the reference). The Examiner has not provided such a citation in this instance. The Examiner has merely cited to column 12 of *Jones* as support for the rejection.

The Examiner rejected independent Claims 1 and 23 based upon *Jones* teaching that by crafting the promotion contract around performance goals evidenced by incremental sales volume increases, and having recourse to a valid third party audit of the performance achieved, both retailer and manufacturer have a clear and current factual record to use in resolving payment disputes. The Examiner further reasoned that *Jones* describes an audit system which materially reduces the current cost for both

retailers and manufacturers to track, collate, and transmit data on performance, and as a result, a prompt and accurate settlement between the parties materially reduces the cost of resolving the disputes fostered by the current process. The Examiner then concluded that it would be inherent to track the performance that would help manufacturers determine how much money they owed to the retailers, they would have to know the products that are in promotion and the payment term information because these items are essential to make such determination. (Final Office Action dated August 13, 2002, page 3, ¶2).

It is respectfully submitted that the Examiner misunderstood the relevant paragraphs of *Jones*. *Jones* teaches only that its audit system generates a report that the parties use to settle payments and deductions. *Jones* does not expressly state or imply that the electronic audit system makes any determinations based upon the stored contract terms of the trade promotion including promoted product POS data and the payment term information. While the manufacturer and the retailer may each know the products and the payment term information, it does not follow that the *Jones* system must capture and use such information to generate a report that only includes performance data. Indeed, *Jones* specifically teaches that the parties must still engage in discussion to settle payment or deduction amounts.

Nowhere did the Examiner explain why the missing elements of Claims 1 and 23 are necessarily present in *Jones* or why a person of ordinary skill in the art would recognize the presence of the missing elements. *Crown Operations*, 289 F.3d at 1377, 62 USPQ2d at 1921; *See Elan Pharmaceuticals, Inc. v. Mayo Foundation for Medical Education and Research*, 304 F.3d 1221, 1228, 64 USPQ2d 1292 (Fed. Cir. 2002) ([w]hen anticipation is based on inherency of limitations not expressly disclosed in the anticipating reference, it must be shown that the undisclosed information was known to be present in the subject matter of the reference). The Examiner has improperly rejected the claims in the present application because the Examiner has not established a *prima facie* case of anticipation under 35 U.S.C. § 102(a). The relevant portions of column 12 of *Jones* are set forth above in their entirety and do not support the Examiner's inherency position. Inherency may not be established by probabilities or possibilities. *Crown Operations*, 289 F.3d at 1377, 62 USPQ2d at 1921. The mere fact

that a certain thing may result from a given set of circumstances is not sufficient. *Id.* Accordingly, at least for the reason that the Examiner did not establish a *prima facie* caused anticipation, the rejection of Claims 1 and 23 should be reversed.

3. *Jones does not disclose, teach or suggest the steps of or means for capturing and/or storing the contract terms including promoted product identification and payment term information of the trade promotion by the independent system as set forth in Claims 1 and 23.*

Under the doctrine of inherency, if an element is not expressly disclosed in a prior art reference, the reference will be deemed to anticipate a subsequent claim if the missing element "is necessarily present in the thing described in the reference, and it would be so recognized by persons of ordinary skill." *Rosco, Inc. v. Mirror Lite Co.,* 304 F.3d 1373, 1380 (Fed. Cir. Sept. 24, 2002). "Inherent anticipation requires that the missing descriptive material is 'necessarily present,' not merely probable or possibly present in the prior art." *Id.* (*quoting Trintec Indus., Inc. v. Top-U.S.A. Corp.,* 295 F.3d at 1295, 63 USPQ2d 1597, 1599 (Fed. Cir. 2002).

i. *Jones* does not expressly or implicitly provide for the independent system capturing and/or storing the contract terms including promoted product identification and payment term information of the trade promotion.

Jones discusses potentially using the *Jones* system for trade promotions in columns 11 and 12. *Jones* states that "[s]uch deals typically take the form of a contract between the parties specifying what form of price reduction or free goods will be offered in return for what performance or action that the retailer expects to take." (*Jones*, column 11, lies 28-31). *Jones*, however, never discusses if or how the *Jones* system would or could potentially use the contract terms.

As emphasized above, *Jones* specifically states that predetermined and customized reports of incremental sales volume increases, definitively documenting promotional performance on behalf of the retailer, is sent to both the retailer and

manufacturer after each event to support the settlement process. (*Jones*, column 12, lines 12-25). This statement clearly indicates that data on the promoted product increase in sales volume are provided to the manufacturer and the retailer. This description in *Jones* does not expressly state or imply that the electronic audit system captures and stores the terms of the contract including promoted product identification and payment term information between the manufacturer and retailer regarding the trade promotion.

ii. The functions of capturing and/or storing or the contract terms including promoted product identification and payment term information of the trade promotion are not inherent in *Jones because these elements are not necessarily present in Jones.*

Before a reference can be found to disclose a feature by virtue of its inherency, one of ordinary skill in the art viewing the reference must understand that the unmentioned feature (i.e., the inherent feature) at issue is necessarily present in the reference. *Continental Can Co. USA v. Monsanto Co.*, 20 USPQ2d 1746, 1749 (Fed. Cir. 1991). One of ordinary skill in the art viewing *Jones* would not understand that the capturing and storing of the contract terms including promoted product identification and payment term information of the trade promotion are necessarily present in *Jones*.

The Examiner said that for the electronic audit system of *Jones* to provide the report of incremental sales of promoted products to the manufacturer and the retailer, the *Jones* system would have to store the terms of the contract between the manufacturer and retailer in the audit system. However, this feature is not at all and certainly not necessarily present in *Jones*. Nowhere does *Jones* state this. Rather, *Jones* states that all POS transactions are monitored and recorded. To provide this function, the *Jones* system could alternatively use the identification of the product to record the sales of the promoted products. The *Jones* system would not have to capture and/or store the contract terms including both the promoted product identification and more importantly the payment term information. For instance, the *Jones* system could have all of the sales data of all of the products purchased at the retailer stored in the database of the *Jones* system and could conduct a sorting routine

by a UPC code or other relevant product information which is inputted by an operator of the system to sort or filter the data to obtain promoted product data. To perform this function, the contract terms certainly do not have to be captured or stored in the *Jones* system. This is just one of many different methods of performing such tasks. Moreover, the *Jones* system does not have to store the contract terms in order for the manufacturer and the retailer to both have the same contract terms during *Jones'* settlement process. For instance, both parties could exchange the terms via facsimile, mail, electronic mail and/or by hand delivery after the negotiation. The fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency of that result or characteristic. *In re Rijckaert*, 9 F.3d 1531, 1534, 28 USPQ2d 1955, 1957 (Fed. Cir. 1993).

iii. The Examiner used improper hindsight to establish the rejection.

Since the *Jones* patent does not expressly or implicitly state that the audit system of the *Jones* patent captures and/or stores the contract terms including promoted product identification and payment term information of the trade promotion, the Examiner clearly used the teachings of the present application to reach this conclusion. It is well established that a patent examiner cannot use an applicant's patent application as a blueprint to reconstruct the invention from the prior art. *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1138, 227 USPQ 543, 547 (Fed. Cir. 1985). Put another way, "it is impermissible to engage in hindsight reconstruction of the claimed invention, using the applicant's patent application as a template and selecting elements from the references to fill the gaps." *In re Gorman*, 933 F.2d 982, 987, 18 USPQ2d 1885 (Fed. Cir. 1991). The Examiner improperly used hindsight to conclude that the *Jones* system includes capturing and storing the contract terms of the trade promotion.

In trade promotions, the settlement is based on the contract which includes payment term information. This payment term information can vary from contract to contract. In one contract, the payment term can be the exact discount provided by the retailer to the consumer for the promoted product. For example, the manufacturer can provide 75¢ to the retailer for each promoted product sold by the retailer with a 75¢ discount passed on to the consumer. In another contract, the payment term information

can include a higher price per promoted product paid by the manufacturer and passed on to the consumer. For instance, the manufacturer may pay the retailer a $1.00 per promoted product sold by the retailer while the retailer passes on a 75¢ discount on the promoted product to the consumer. In another contract, the manufacturer can pay the retailer for each promoted product sold, but the retailer does not pass on any discount to the consumer. For example, the manufacturer could pay the retailer 50¢ per promoted product for the retailer conducting a promotion of the promoted product (and thereby increasing volume of the promoted product sold which increases the manufacturer's revenues). In another contract, the manufacturer may pay the retailer a lump sum for promoting a product. For example, the manufacturer may pay the retailer $5,000 for conducting a product promotion regardless of the number of products sold during the promotion. Given the many different types of payment term information, the fact that *Jones* mentions the contract but is silent on the use of payment term information in trade promotions, *Jones* certainly does not expressly or inherently teach capturing or storing payment term information. While *Jones* states that manufacturer negotiates a contract with the retailer for the reduced prices or a rebate given to the satisfied retailer for performance, it is not inherent in *Jones* that the terms of the contract including promoted product identification and payment term information are captured or stored in the electronic audit system of *Jones*. The Examiner, however, improperly uses hindsight to read selective alternative possibilities into *Jones* to reconstruct the present invention. Accordingly, it is respectfully submitted that the Examiner improperly used hindsight to conclude that the elements of the claims are present in *Jones*. At least for these reasons, the rejection of Claim 1 and 23 should be reversed.

4. Additionally, *Jones does not disclose, teach or suggest the steps of or means for determining the amount owed by the manufacturer to the retailer based upon the promoted product POS data and stored payment term information of the trade promotion or facilitating the manufacturer's payment of the amount of money owed to the retailer for the trade promotion.*

The Examiner improperly rejected Claims 1 and 23 because *Jones* does not disclose, teach or suggest processing the promoted product POS data in accordance

with the stored payment term information of the trade promotion to determine the amount of money the manufacturer owes to the retailer for the trade promotion, or facilitating the manufacturer's payment to the retailer for the trade promotion. One of the problems that the *Jones* system does not solve which the present invention solves is that the manufacturers and retailers do not trust or have faith in each other in calculating deductions or in handling payments. The *Jones* system merely provides data to the manufacturer and retailer. The manufacturer and retailer then each calculate the deduction or payment amount based upon each parties separate interpretation of the data and the contract terms. The *Jones* system provides no method to facilitate the manufacturer's payment to the retailer. The present invention provides an independent system operator system which independently calculates the amount of money the manufacturer owes to the retailer for each trade promotion based on the agreed upon contractual terms of the trade promotion and the promoted product POS data. This provides the manufacturer and retailer with an effective, reliable and trustworthy system operated by a third party for determining the amount of money the manufacturer owes the retailer for each trade promotion. The present invention also facilitates payment of the amount of money owed to the retailer by the manufacturer. *Jones* does not even address this problem. In *Jones*, the retailer would still have to wait for the manufacturer to issue payment even after any discrepancies have been resolved.

i. *Jones* does not expressly or implicitly disclose the steps of or means for processing the promoted POS data in accordance with the stored payment term information of the trade promotion to determine the amount of money the manufacturer owes to the retailer or facilitating payment to the retailer.

The Examiner broadly rejected Claims 1 and 23 without explaining where or how *Jones* provides that the independent system determines the deduction or payment amount based upon the stored contract terms of the trade promotion. *Jones* expressly states that the "[m]anufacturer engages retailer finance/accounting personnel in resolving deductions as required. Retailer receives payment from manufacturer and

has finance/accounting personnel resolve deductions as required." This statement clearly shows that *Jones* does not expressly or implicitly disclose the *Jones* system determining the deduction or payment amount based upon the promoted POS data and the stored payment term information of the trade promotion. In *Jones*, the manufacturer and the retailer still have to settle the amount owed to the retailer, and the retailer still waits for payment. The present invention solves this particular problem by providing both parties with a final amount owed to the retailer and facilitating payment to the retailer.

ii. The independent system's determination of the deduction or payment amount based upon the promoted product POS data and the payment term information of the trade promotion or facilitating the payment to the retailer is not inherent in *Jones* because these elements are not necessarily present in *Jones*.

The Examiner does not explain why the independent system determining the deduction or payment amount based upon the promoted product POS data and the payment term information of the trade promotion is necessarily present in *Jones*. The Examiner also does not explain why the independent system facilitating the manufacturer's payment of the amount of money owed to the retailer for the trade promotion is necessarily present in *Jones*. The Examiner merely states that an audit, according to *Jones*, materially reduces the current cost for both retailers and manufacturers to track, collate, and transmit data on performance. (Final Office Action dated August 13, 2002, page 3, ¶4). The Examiner then states that "[a]s a result, a prompt and accurate settlement between the parties materially reduces the cost of resolving the disputes fostered by the current process." (Id.) Appellants respectfully submit that the Examiner's reasoning is incorrect.

The system of the present invention provides a final amount that the manufacturer owes the retailer and facilitates the payment to the retailer. Thus, there is no need for the parties to engage in settlement, nor is there any dispute over the payment to the retailer. In contrast, *Jones* provides:

> [t]he retailer summarizes the necessary information on promotional support activities, including the report documentation if desired, invoices the manufacturer, and deducts the price discount from checks paid by the retailer to the manufacturer.

(*Jones*, column 12, lines 25-29). In *Jones,* at least one of the parties must still summarize the promotion support activities and then must still prepare an invoice. Thus, the independent system which independently determines the amount owed to the retailer and facilitates payment to the retailer cannot be necessarily present in *Jones*. At most, *Jones* teaches that the parties receive performance data but the parties still need to engage one another to resolve payment disputes.

iii. The Examiner used improper hindsight to establish this rejection.

As discussed above, *Jones* states that the parties must still negotiate the amount of money owed to the retailer, the retailer must still invoice the manufacturer, and the manufacturer must still pay the retailer. Since the *Jones* patent does not expressly or implicitly state that the audit system of the *Jones* patent uses the promoted product POS data and payment term information of the trade promotion to determine the amount of money owed to the retailer or facilitates such a payment to the retailer, the Examiner clearly used the teachings of the present application to reach this conclusion. This point is further emphasized by the fact that *Jones* teaches away from the present invention. *Jones* specifically teaches that the parties must come together to negotiate and resolve the amount owed to the retailer, and the retailer deducts the payment amount from checks paid by the retailer to the manufacturer. In contrast, the present invention teaches that the amount owed to the retailer is independently determined by the independent system based upon the captured and stored promoted product POS data and payment term information of the trade promotion. The independent system also facilitates the manufacturer's payment to the retailer for the trade promotion. As disclosed in the present invention, the parties do not need to negotiate or resolve any payment owed to the retailer. Accordingly, the Examiner used improper hindsight to reject Claims 1 and 23 and the rejection of Claim 1 and 23 should be reversed.

B. Independent Claim 30

Independent Claim 30 (as set forth in the appendix) is directed to a method for an independent system operator to administer a plurality of trade promotions for products involving a manufacturer and a retailer having at least one store with an in-store POS system.

1. *Similar to Claims 1 and 23, Claim 30 is not anticipated by Jones because it includes storing the terms of the contract, amount processing, and payment facilitating elements.*

The Examiner rejected Claim 30 under 35 U.S.C. §102(a) as being anticipated by *Jones*. Similar to Claims 1 and 23, Claim 30 includes the storing the terms of the contract, amount processing, and payment facilitating elements. Appellants respectfully submit that at least for the above reasons relating to Claims 1 and 23, the Examiner's rejection of independent Claim 30 should be reversed.

2. *Claim 30 includes additional elements which are not anticipated by Jones and which the Examiner did not address.*

The Examiner did not address certain additional elements in Claim 30. Claim 30 includes elements or combinations of elements that are specific to Claim 30, and as such provides a separate ground of rejection of Claim 30 than the other pending claims. More specifically, *Jones* does not disclose, teach or suggest at least the following additional elements of Claim 30:

- providing the retailer and manufacturer access to the independent system operator database to independently verify the terms of the trade promotions;
- storing the amount of money the manufacturer owes the retailer in the independent system operator database; and

- providing the retailer and manufacturer access to the independent system operator database during the conduct of the trade promotion to determine the amount of money the manufacturer owes the retailer for the trade promotion.

Jones does not expressly mention and it is not inherent in *Jones*: (a) that both the retailer and the manufacturer can have access to the independent system operator database; or (b) that the database stores the amount of money the manufacturer owes the retailer. Accordingly, *Jones* does not disclose, teach or suggest the invention of Claim 30 and the rejection of Claim 30 should be reversed.

C. Independent Claim 33

Independent Claim 33 (as set forth in the appendix) is directed to a method for enabling a retailer and a manufacturer involved in a plurality of trade promotions for a plurality of products to independently verify the terms of the trade promotions.

1. *Similar to Claims 1 and 23, Claim 33 is not anticipated by Jones because it includes capturing the terms of the contract and storing the terms of the contract elements.*

The Examiner rejected Claim 33 under 35 U.S.C. §102(a) as being anticipated by *Jones*. Similar to Claims 1 and 23, Claim 33 includes capturing the terms of the contract and storing the terms of the contract elements. Appellants respectfully submit that at least for the above reasons relating to Claims 1 and 23, the Examiner's rejection of independent Claim 33 should be reversed.

2. *Claim 33 includes an additional element which is not anticipated by Jones and which the Examiner did not address.*

The Examiner did not address an additional element in Claim 33. Claim 33 includes elements or combinations of elements that are specific to Claim 33, and as such provides a separate ground of rejection of Claim 33 than the other pending claims. More

specifically, *Jones* does not disclose, teach or suggest at least the following element of Claim 33:

- enabling the retailer and the manufacturer to access the electronic database of the independent system to determine the stored terms of the trade promotions.

Nowhere does *Jones* teach providing both the retailer and the manufacturer access to the independent system operator database to access the stored terms of the trade promotion. *Jones* does not disclose, teach or suggest the invention of Claim 33. Accordingly, the Examiner's rejection of Claim 33 should be reversed.

D. Independent Claim 37

Independent Claim 37 (as set forth in the appendix) is directed to a system for administering a trade promotion for a promoted product between a retailer and a manufacturer.

1. *Similar to Claims 1 and 23, Claim 37 is not anticipated by Jones because it includes capturing the terms of the contract, storing the terms of the contract, amount processing, and payment facilitating elements.*

The Examiner rejected Claim 37 under 35 U.S.C. §102(a) as being anticipated by *Jones*. Similar to Claims 1 and 23, Claim 37 includes capturing the terms of the contract, storing the terms of the contract, amount processing, and payment facilitating elements. Appellants respectfully submit that at least for the above reasons relating to Claims 1 and 23, the Examiner's rejection of Claim 37 should be reversed.

2. *Independent Claim 37 includes an additional element which is not anticipated by Jones and which the Examiner did not address.*

The Examiner did not address an additional element in Claim 37. Claim 37 includes elements or combinations of elements that are specific to Claim 37, and as

such provides a separate ground of rejection of Claim 37 than the other pending claims. More specifically, *Jones* does not disclose, teach or suggest at least the following additional element of Claim 37:

- a manufacturer system in communication with the independent system.

Jones does not disclose, teach or suggest the manufacturer system in communication with the independent system. At the most *Jones* provides the retailer system would be in communication with the independent system to provide promoted product performance data. *Jones* does not disclose, teach or suggest the invention as set forth in Claim 37 and the Examiner's rejection of Claim 37 should be reversed.

E. Independent Claims 47, 88 and 89

Independent Claims 47, 88 and 89 (as set forth in the appendix) are directed to a method for an independent system operator to administer trade promotions. Claim 47 includes to a retailer having at least one store with an in-store POS system. Claim 88 includes a plurality of trade promotions for a plurality of promoted products involving a plurality of manufacturers and a retailer having a plurality of stores win in-store POS systems. Claim 89 includes a plurality of manufacturers and a plurality of retailers where each retailer has a plurality of stores with in-store POS systems.

1. *Similar to Claims 1 and 23, Claims 47, 88 and 89 are not anticipated by Jones because they include capturing the terms of the contract, storing the terms of the contract, amount processing, and payment facilitating elements.*

The Examiner rejected Claims 47, 88 and 89 under 35 U.S.C. §102(a) as being anticipated by *Jones*. Similar to Claims 1 and 23, Claims 47, 88 and 89 include capturing the terms of the contract, storing the terms of the contract, amount processing, and payment facilitating elements. Appellants respectfully submit that at least for the above reasons relating to Claims 1 and 23, the Examiner's rejections of Claims 47, 88 and 89 should be reversed.

2. *Independent Claims 47, 88 and 89 include an additional element which are not anticipated by Jones and which the Examiner did not address.*

The Examiner did not address an additional element in Claims 47, 88 and 89. Claims 47, 88 and 89 include elements or combinations of elements that are specific to Claims 47, 88 and 89, and as such provide a separate ground of rejection of Claims 47, 88 and 89 than the other pending claims. More specifically, *Jones* does not disclose, teach or suggest the following element in Claims 47, 88 and 89:

- receiving from the retailer promoted product POS data;

whereas, Claims 1 and 23 include:

- collecting from the retailer product POS data.

The independent system "receiving from the retailer promoted product POS data" which includes receiving filtered data is not anticipated by *Jones*. In fact, *Jones* teaches the opposite which is collecting all of the POS information with the *Jones* system. *Jones* does not disclose, teach or suggest the present invention as set forth in Claims 47, 88 and 89 and the Examiner's rejections of Claims 47, 88 and 89 should be reversed.

F. Independent Claim 68

Independent Claim 68 (as set forth in the appendix) is directed to a system for enabling an independent system operator to administer a trade promotion for a promoted product involving a manufacturer and a retailer having at least one store with an in-store POS system.

1. *Similar to Claims 1 and 23, Claim 68 is not anticipated by Jones because it includes capturing the terms of the contract, amount processing, and payment facilitating elements.*

The Examiner rejected Claim 68 under 35 U.S.C. §102(a) as being anticipated by *Jones*. Similar to Claims 1 and 23, Claim 68 includes capturing the terms of the contract, amount processing, and payment facilitating elements. Appellants respectfully submit that at least for the above reasons relating to Claims 1 and 23, the Examiner's rejection of Claim 68 should be reversed.

2. *Independent Claim 68 includes an additional element which is not anticipated by Jones and which the Examiner did not address.*

The Examiner did not address an additional element in Claim 68. Claim 68 includes elements or combinations of elements that are specific to independent Claim 68, and as such provides a separate ground of rejection of Claim 68 than the other pending claims. More specifically *Jones* does not disclose, teach or suggest means for the independent system operator to pay the retailer the amount of money determined by the independent system operator to be owed to the retailer by the manufacturer for the trade promotion. *Jones* does not disclose, teach or suggest the present invention as set forth in Claim 68 and the Examiner's rejection of Claim 68 should be reversed.

F. Independent Claim 74

Independent Claim 74 (as set forth in the appendix) is directed to a method for an independent system operator to administer a plurality of trade promotions for products involving a manufacturer and a retailer having at least one store with an in-store POS system.

1. *Similar to Claims 1 and 23, Claim 74 is not anticipated by Jones because it includes storing the terms of the contract, amount processing, and payment facilitating elements.*

The Examiner rejected Claim 74 under 35 U.S.C. §102(a) as being anticipated by *Jones*. Similar to Claims 1 and 23, Claim 74 includes storing the terms of the contract,

amount processing, and payment facilitating elements. Appellants respectfully submit that at least for the above reasons relating to Claims 1 and 23, the Examiner's rejection of Claim 74 should be reversed.

2. Independent Claim 74 includes elements which are not anticipated by Jones and which the Examiner did not address.

The Examiner did not address certain additional elements in Claim 74. Claim 74 includes elements or combinations of elements that are specific to Claim 74, and as such provides a separate ground of rejection of Claim 74 than the other pending claims. More specifically, *Jones* does not disclose, teach or suggest at least the following additional elements of Claim 74:

- providing the retailer and manufacturer access to the independent system operator database to independently verify the terms of the trade promotions;
- storing the amount of money the manufacturer owes the retailer in the independent system operator database; and
- providing the retailer and manufacturer access to the independent system operator database during the conduct of the trade promotion to determine the amount of money the manufacturer owes the retailer for the trade promotion.

Nowhere does *Jones* provide for: (a) both the retailer and manufacturer having access to the independent system to provide the above described functions; or (b) storing the amount of money the manufacturer owes the retailer in the independent system. *Jones* does not disclose, teach or suggest the present invention as set forth in independent Claim 74 and the Examiner's rejection of Claim 74 should be reversed.

G. Independent Claim 77

Independent Claim 77 (as set forth in the appendix) is directed to a method for independent system operator to administer a trade promotion for a product involving a manufacturer and a retailer having at least one store with an in-store POS system.

1. *Similar to Claims 1 and 23, Claim 77 is not anticipated by Jones because it includes capturing the terms of the contract, storing the terms of the contract, amount processing, and payment facilitating elements.*

The Examiner rejected Claim 77 under 35 U.S.C. §102(a) as being anticipated by *Jones*. Similar to Claims 1 and 23, Claim 77 includes capturing the terms of the contract, storing the terms of the contract, amount processing, and payment facilitating elements. Appellants respectfully submit that at least for the above reasons relating to Claims 1 and 23, the Examiner's rejection of Claim 77 should be reversed.

2. Independent Claim 77 includes an additional element which is not anticipated by Jones and which the Examiner did not address.

The Examiner did not address an additional element in Claim 77. Claim 77 includes elements or combinations of elements that are specific to Claim 77, and as such provides a separate ground of rejection of Claim 77 than the other pending claims. More specifically, *Jones* does not disclose, teach or suggest at least the following additional element of Claim 77:

- capturing terms of the trade promotion including an identification of the retailer, an identification of the manufacturer, a trade promotion type, a UPC Code for the promoted product, a payment value for the promoted product, and link codes for associated discounts if the trade promotion is an electronic discount trade promotion;

This element further sets forth more specific terms of the trade promotion which are captured by the present invention. Yet, the Examiner does not explain how or why the capturing of these more specific terms in Claim 77 is expressly or inherently present in *Jones*. *Jones* does not disclose, teach or suggest the present invention in Claim 77 and the Examiner's rejection of Claim 77 should be reversed.

H. Independent Claim 84

Independent Claim 84 (as set forth in the appendix) is directed to a method for enabling a retailer and a manufacturer involved in a plurality of trade promotions for a plurality of promoted products to independently verify terms of the trade promotions for the promoted products using an independent system.

1. *Similar to Claims 1 and 23, Claim 84 is not anticipated by Jones because it includes capturing the terms of the contract, and storing the terms of the contract elements.*

The Examiner rejected Claim 84 under 35 U.S.C. §102(a) as being anticipated by *Jones*. Similar to Claims 1 and 23, Claim 84 includes capturing the terms of the contract, and storing the terms of the contract. Appellants respectfully submit that at least for the above reasons relating to Claims 1 and 23, the Examiner's rejection of Claim 84 should be reversed.

2. Independent Claim 84 includes elements which are not anticipated by Jones and which the Examiner did not address.

The Examiner rejected Claim 84 as being anticipated by *Jones* based upon one element being inherent in *Jones*. The Examiner, however, did not address the other elements included in Claim 84. The Examiner's broad assertion of anticipation with respect to Claim 84 includes elements or combinations of elements that are specific to Claim 84, and as such provides a separate ground of rejection of Claim 84 than the other pending claims. *Jones* does not disclose, teach or suggest at least the following additional element:

- capturing the terms of the trade promotions for the promoted products in an independent system which operates independently of the control of the retailer and the manufacturer, including retailer identification, manufacturer identification, trade promotion type, UPC Codes for the promoted products, payment values for the promoted products, and link codes for associated discounts if any of the trade promotions are electronic discount trade promotions.

Claim 84 further sets for more specific terms of the contract are captured by the present invention. Yet, the Examiner does not explain how or why the capturing of these more specific term in Claim 84 is expressly or inherently present in *Jones*. *Jones* does not disclose, teach or suggest the present invention in Claim 84 and the Examiner's rejection of Claim 84 should be reversed.

I. Independent Claim 90

Independent Claim 90 (as set forth in the appendix) is directed to a method for an independent system operator to administer a trade promotion for a promoted product involving a manufacturer and a retailer having at least one store with an in-store POS system.

1. *Similar to Claims 1 and 23, Claim 90 is not anticipated by Jones because it includes capturing the terms of the contract, storing the terms of the contract, amount processing, and payment facilitating elements.*

The Examiner rejected Claim 90 under 35 U.S.C. §102(a) as being anticipated by *Jones*. Similar to Claims 1 and 23, Claim 90 includes the term capturing, term storing, amount processing, and payment facilitating elements as set forth above. Appellants respectfully submit that at least for the above reasons relating to Claims 1 and 23, the Examiner's rejection of independent Claim 90 is wrong and should be reversed.

2. *Claim 90 includes additional elements which are not anticipated by Jones and which the Examiner did not address.*

The Examiner did not address certain elements in Claim 90. Claim 90 includes elements or combinations of elements that are specific to Claim 90, and as such provides a separate ground of rejection of Claim 90 than the other pending claims. More specifically, *Jones* does not disclose, teach or suggest at least the following additional elements of Claim 90:

- enabling the retailer and the manufacturer to access the terms of the trade promotion stored in the independent system operator database to independently verify the terms of the trade promotion;
- enabling the retailer to change at least one of the stored terms of the promotion prior to the start of the trade promotion, capturing any changed terms of the trade promotion and storing any changed terms of the trade promotion in the independent system operator database;
- enabling the retailer and the manufacturer to access the stored terms of the trade promotion stored in the independent system operator database to independently verify the terms of the trade promotion and to determine if the retailer changed the terms of the trade promotion; and
- enabling the retailer and the manufacturer to access the processed promoted product POS data to determine the amount of money the manufacturer owes to the retailer for the trade promotion.

Jones does not expressly mention and it is not inherent in *Jones*: (a) that both the retailer and the manufacturer can have access to the independent system to perform the above described functions; or (b) that the retailer is able to change the stored terms in the independent database. Accordingly, *Jones* does not disclose, teach or suggest the invention of Claim 90 and the rejection of Claim 90 should be reversed.

IX. DEPENDENT CLAIMS

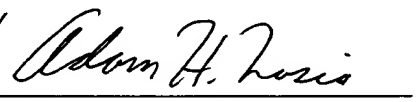
It is also respectfully submitted that for the reasons discussed above, and because of the additional elements in such claims, the claims that depend from each of the above independent claims are patentably distinguished over *Jones* and that the rejection of such claims should be reversed.

X. CONCLUSION

The Examiner has failed to establish a *prima facie* case of anticipation with respect to the rejections of Claims 1 to 17, 19 to 62, 64 to 82, and 84 to 94. Dependent Claims 18, 63 and 83, which stand rejected as being obvious in light of *Jones* but depend on independent Claims 1, 47 and 77, are patentably distinguished over *Jones*.

Accordingly, Appellants respectfully submit that the rejections of pending Claims 1 to 94 as being anticipated and/or obvious is erroneous in law and in fact and should therefore be reversed by this Board.

Respectfully submitted,
BELL, BOYD & LLOYD LLC

BY 

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